

HERSHEY CHOCOLATE CORPORATION

AND

AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1930

AND

CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1930

Together with

Auditors' Certificate

MRB
CORP. FILE

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET -- DECEMBER 31, 1930

ASSETS

CURRENT ASSETS:

Cash		\$ 2,305,425.72
Accounts receivable	\$1,910,583.87	
Less—Reserve for bad debts and discounts	349,469.43	1,561,114.44
Inventories of raw materials, goods in process and finished goods, certified by responsible officials as to quantities and condition, valued at the lower of cost or market		4,483,039.24
Total current assets		\$ 8,349,579.40

WORKING ASSETS:

Supplies and repair parts	\$ 207,176.61	
Salesmen's advances, prepaid insurance, etc.	53,409.82	260,586.43

PLANT AND PROPERTY:

<u>Particulars</u>	<u>Gross Book Value</u>	<u>Reserve for Depreciation</u>	<u>Net Book Value</u>
Land	\$ 114,920.30	\$ -	\$ 114,920.30
Buildings and improvements	5,894,726.12	2,262,088.36	3,632,637.76
Machinery, equipment and fixtures	9,352,520.10	5,374,831.51	3,977,688.59
New York properties	1,474,200.81	244,405.04	1,229,795.77
	<u>\$16,836,367.33</u>	<u>\$7,881,324.91</u>	<u>\$8,955,042.42</u>
Construction in Progress		21,810.77	8,976,853.19
			<u>\$17,587,019.02</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts and wages payable	\$ 682,602.70
Accrued state taxes, liability insurance, etc.	813,496.79
Reserve for Federal income tax	1,025,440.09
Dividends payable February 15, 1931 on convertible preference stock and common stock	1,470,110.00
Total current liabilities	\$ 3,991,649.58

CAPITAL STOCK AND SURPLUS:

Convertible preference stock (without par value) authorized and issued 350,000 shares of which 56,520 shares have been converted into common stock. Issued and outstanding 293,480 shares at stated value (see note)	293,480.00
Common stock (without par value)—authorized 1,000,000 shares of which 293,480 shares are reserved for conversion of convertible preference stock. Issued and outstanding, 706,520 shares at stated value	706,520.00
	<u>\$ 1,000,000.00</u>
Surplus at organization	2,389,826.46
Earned surplus, December 31, 1930	10,205,542.98
	13,595,369.44
	<u>\$17,587,019.02</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the common stock. Upon any distribution of capital assets the convertible preference stock is entitled to receive \$50.00 per share and accumulated unpaid dividends (if any) before any distribution to the common stock and shares equally per share with the common stock in any distribution of the balance until the convertible preference stock receives a total of \$100.00 per share and accumulated unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1930

NET SALES.....	\$38,442,030.83
COST OF SALES.....	27,670,785.69
Gross profits on sales.....	\$10,771,245.14
SHIPPING, SELLING AND ADMINISTRATIVE EXPENSES.....	2,582,782.52
Net profits from operations.....	\$ 8,188,462.62
OTHER INCOME, LESS MISCELLANEOUS CHARGES.....	356,871.47
Net profits before provision for Federal income tax.....	\$ 8,545,334.09
PROVISION FOR FEDERAL INCOME TAX.....	1,025,440.09
Net profits carried to surplus account.....	\$ 7,519,894.00

NOTE: Costs and expenses include provision for depreciation of \$778,447.04 on plant and property

SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1930

Earned surplus at December 31, 1929.....	\$ 9,998,246.36
Net profits for the year ended December 31, 1930.....	7,519,894.00
	<u>\$17,518,140.36</u>

Dividends paid in 1930:	
Prior preferred stock (6% cumulative).....	\$ 405,790.50
Convertible preference stock (\$5.00 per share).....	1,535,254.00
Common stock (\$5.00 per share).....	3,483,166.25
	<u>\$5,424,210.75</u>
Less—Dividends accrued at December 31, 1929.....	226,087.25
	<u>\$5,198,123.50</u>
Premiums paid on prior preferred stock.....	644,363.88
	<u>5,842,487.38</u>
	<u>\$11,675,652.98</u>

Dividends declared December 23, 1930, payable February 15, 1931 (note):	
Convertible preference stock—Regular quarterly dividend of \$1.00 per share.....	\$ 293,480.00
Extra dividend of \$1.00 per share.....	293,480.00
	<u>\$ 586,960.00</u>
Common stock, regular quarterly dividend of \$1.25 per share.....	883,150.00
	<u>1,470,110.00</u>
Earned surplus at December 31, 1930.....	<u>\$10,205,542.98</u>

NOTE: These dividends were declared December 23, 1930 payable February 15, 1931, to stockholders of record January 24, 1931, and for that reason are set forth herein as an amount payable by the corporation to its stockholders and therefore deducted from surplus.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

MEMBERS AMERICAN INSTITUTE OF ACCOUNTANTS

67 WALL STREET

NEW YORK

AUDITORS' CERTIFICATE

To Hershey Chocolate Corporation:

We have examined the accounts of the Hershey Chocolate Corporation (a Delaware corporation) and Affiliated Companies for the year ended December 31, 1930, and certify that, in our opinion, the accompanying consolidated balance sheet, profit and loss account and summary of earned surplus account fairly present the financial position of the companies at December 31, 1930, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 26, 1931.

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1930

ASSETS	
Cash and cash equivalents	\$ 1,000,000
Accounts receivable	2,500,000
Inventory	1,500,000
Prepaid expenses	500,000
Other assets	1,000,000
LIABILITIES	
Accounts payable	\$ 1,500,000
Notes payable	1,000,000
Other liabilities	500,000

LOSS ACCOUNT	
Cost of goods sold	\$ 10,000,000
Operating expenses	2,000,000
Interest expense	500,000
Income tax expense	1,000,000
Net loss	\$ 4,500,000

STOCKHOLDERS' EQUITY	
Preferred stock	\$ 5,000,000
Common stock	10,000,000
Retained earnings	1,500,000
Other equity	500,000

ADDITIONAL INFORMATION	
Dividends paid	\$ 1,000,000
Interest paid	500,000
Income tax paid	1,000,000

The accompanying notes are an integral part of these financial statements.

ATTEST:
CHARTERED ACCOUNTANTS

NEW YORK, N.Y.
JANUARY 15, 1931

HERSHEY CHOCOLATE CORPORATION
NEW YORK, N.Y.